

**LINE OF BUSINESS:** Commercial Auto  
Liability and Physical  
Damage Combined

**LINE(S) OF INSURANCE**

**CODES**

Commercial Auto Liability  
Commercial Auto Physical Damage

19.2

21.2

**Code:** 19.2 and 21.2

**IF CHECKLIST IS NOT APPLICABLE,  
PLEASE EXPLAIN:** \_\_\_\_\_  
\_\_\_\_\_

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
<b>GENERAL REQUIREMENTS FOR ALL FILINGS</b>			
EXEMPTION	<b>MCLA 500.2401(2)(d)</b>	When you place the prominent warning statement of MCLA 500.2236(8)(e)(ii) in each of your policies, you should not submit a filing to us because it makes you exempt from the requirements of Chapters 22 and 24 of the Michigan Insurance Code unless the Commissioner subsequently finds that competition does not exist for this type of coverage. A prominent warning statement will apply to the entire commercial package policy because it cannot be applied to just one type of coverage when multi-coverages are written under one policy.	
COPIES, RETURN ENVELOPES, ETC.	<b>Procedures Manual for Non-SERFF Filings</b>	All filings must include a copy of the cover letter along with a self-addressed stamped envelope.	
COVER LETTER AND EXPLANATORY MEMORANDUM	<b>Procedures Manual for Non-SERFF Filings</b>	All filings must include a cover letter and all filings except for new program filings must contain a filing memorandum that identifies and explains changes to previously filed policy forms, endorsements, rules, and rates by form number, rule number, and manual page number.	

REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
		number.	
FILING SUBMISSION & EFFECTIVE DATE WORDING	<a href="#">MCLA 500.2406</a> <a href="#">MCLA 500.2430</a>	The insurer can specify a date to begin using the program or revised rates/rules. It must be on or after the date that we receive the filing. However, if the filing is submitted as prior approval, you must specify a date that is 15 days after the date we receive the filing and we have 15 days to review and disapprove the filing and we can issue another 15 extension for review and disapproval.	
LIMITATIONS/RESTRICTIONS ON TRANSACTING BUSINESS	<a href="#">MCLA 500.640</a>	An insurer transacting business in this state shall not expose itself to any loss on any 1 risk or hazard in an amount exceeding 10% of its paid-up capital and surplus. However, no portion of a risk or hazard that has been reinsured in an insurer licensed to do insurance business in this state shall be included in determining the limitation of risk prescribed in this section.	
LINE OF AUTHORITY	<a href="#">MCLA 500.402</a> <a href="#">MCLA 500.620</a> <a href="#">MCLA 500.624(1)(b)</a> <a href="#">MCLA 500.625</a>	You must be authorized under these sections of Michigan law in order to write commercial auto coverage. In addition, you must be authorized under Section 625 in order to write Accidental Death & Dismemberment coverage within an automobile policy. Unlike personal auto coverage, you can write a physical damage only commercial auto policy.	
THIRD PARTY FILERS AUTHORITY	<a href="#">Procedures Manual for Non-SERFF Filings</a>	General authority to third party must be granted with a letter from insurance company.	

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	<a href="#">MCLA 500.2406(2)</a>	An insurer may satisfy its obligation to make filings under subsection (1) by becoming a member of, or a subscriber to, a rating organization licensed under chapter 24 or chapter 26 which makes those filings, and by filing with the commissioner a copy of its authorization of the rating organization to make those filings on its behalf.	
LOSS SETTLEMENTS Payment of Loss Time Period	<a href="#">MCLA 500.2006</a>	Claims must be paid within 60 days of receipt of proof of loss or 12% interest is added.	
<b>FORMS—POLICY PROVISIONS</b>			
NO FILE OR FILING EXEMPTIONS	<a href="#">Bulletin 97-03</a>	Forms are exempt from filing. Insurers must maintain a list of exempt forms at their home office that we may request from time to time.	
AMBIGUOUS & MISLEADING	<a href="#">MCLA 500.2236(5)</a>	Upon written notice to the insurer, the commissioner may disapprove, withdraw approval or prohibit the issuance, advertising or delivery of any form to any person in this state if it violates any provisions of this act, or contains inconsistent, ambiguous or misleading clauses, or contains exceptions and conditions that unreasonably or deceptively affect the risk purported to be assumed in the general coverage of the policy.	
	<a href="#">MCLA 500.2005</a>	An unfair method of competition and an unfair or deceptive act or practice in the business of insurance means the making, issuing, circulating an estimate, illustration, circular, statement, sales presentation, or comparison which by omission of a material fact or incorrect statement of a material fact causes a misrepresentation.	
BANKRUPTCY PROVISIONS	<a href="#">MCLA 500.3004</a>	No policy shall be issued unless it contains provisions as required in section 3006.	

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	<b>MCLA 500.3006</b>	Insolvency or bankruptcy of the insured shall not release the insurer from payment of damages	
CANCELLATION & NON-RENEWAL	<b>MCLA 500.3020</b>	The insurer cannot cancel with less than 10 days notice.	
Return of Premium	<b>MCLA 500.3020</b>	Pro Rata or \$25, whichever is greater.	
CONTENT OF POLICIES	<b>MCLA 500.3101 MCLA 500.3009</b>	Policies must contain Michigan No-fault benefits (\$20,000/\$40,000 liability, \$10,000 property damage, unlimited personal injury protection, and \$1,000,000 property protection insurance.	
NOTICE REQUIREMENTS	<b>MCLA 500.3004</b>	No policy shall be issued unless it contains provisions as required in section 3008.	
	<b>MCLA 500.3008</b>	There shall be a provision that notice given by or on behalf of the insured to any authorized agent of the insurer shall be deemed to be notice to the insurer; also a provision that failure to give any notice required to be given by such policy within the time specified shall not invalidate any claim made if it shall be shown not to have been reasonably possible to give such notice and that notice was given as soon as was reasonably possible.	
READABILITY	<b>MCLA 500.2236(3)</b>	Not less than 8 point type with a readability score of 45 or higher.	
<b>RATE, RULE, RATING PLAN, CLASSIFICATION, AND TERRITORY FILING REQUIREMENTS</b>			

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DISCRIMINATION	<a href="#">MCLA 500.2027</a>	It is unfair and deceptive to refuse to insure, or refuse to continue to insure, or limit the amount of coverage available to an individual or risk because of race, color, creed, marital status, sex, or national origin, residence, age, disability, or lawful occupation of the individual, or location of the risk, unless there is a reasonable relationship established between the classification and the extent of the risk.	
	<a href="#">MCLA 500.2403(1)(d)</a>	Rates cannot be unfairly discriminatory. Thus, they must be supported by sound actuarial principles.	
PRICING	<a href="#">MCLA 500.2403(1)(d)</a>	Rates shall not be excessive, inadequate, or unfairly discriminatory.	
Premiums	<a href="#">Administrative Rule 500.1205</a>	For the purposes of section 2403(1)(d) of the code, a rate is unreasonably high for the insurance coverage provided if it is unreasonably high in relation to anticipated losses or expenses, or both, or to the uncertainty of loss for the insurance coverage provided.	
RATE RANGES	<a href="#">Administrative Rule R 500.1207</a>	A reasonable classification system is a system designed to group individuals or risks with similar characteristics into rating classifications which are likely to identify significant differences in mean anticipated losses or expenses, or both, between the groups, as determined by sound actuarial principles and by actual and credible loss and expense statistics or, in the case of new coverages or classifications, by reasonably anticipated loss and expense experience.	
<b>RATE, RULE, RATING PLAN, CLASSIFICATION, AND TERRITORY FILING REQUIREMENTS</b>			
Schedule Rating & Expense Modification Plans	<a href="#">Bulletin 2000-04</a>	+/- 25% maximum for schedule rating type plans.	

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Competition	<b>MCLA 500.2403(1)(d)</b>	A rate shall not be held to be excessive unless the rate is unreasonably high for the insurance coverage provided and a reasonable degree of competition does not exist with respect to the classification, kind, or type of risks to which the rate is applicable.	
Expenses	<b>Administrative Rule R 500.1207</b>	A rate is not unfairly discriminatory because it reflects differences in anticipated expenses for classifications of risks with similar anticipated losses or because it reflects differences in anticipated losses for classifications of risks with similar anticipated expenses.	
Experience	<b>Administrative Rule R 500.1207</b>	That data used in developing classifications and rates are derived from the experience of a population or sample of risks that is sufficiently similar to the anticipated insured population.	
Judgment	<b>Commissioner Order No. 81-3055-M</b> <b>Procedures Manual for Non-SERFF Filings</b>	Commercial Auto Excess Programs and specific classifications that are unique and do not develop sufficient data to congruently rate risks that fall therein can be judgment rated. After an (a) – rate rule is submitted and approved, the insurer must maintain a record for each policyholder for not less than 3 years from the expiration date of the policy. You shall make the (a) – rate information for all policyholders available for review when requested by OFIS.	
Individual Risk Rating	<b>Procedures Manual for Non-SERFF Filings</b>	Must utilize filing form FIS 0797 to request approval of different rates for specific policyholders (rates that are different from those you wish to remain on file for underwriting all other policyholders).	

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SUPPORTING DATA	Bulletin 94-5 MCLA 500.2403(1)(d)	Support is not required to be submitted with the filing. However, we may subsequently ask you to provide justification for your rates. A rate is reasonably justified by differences in losses, expenses, or both, or by differences in the uncertainty of loss for the individuals or risks to which the rates apply. A reasonable justification shall be supported by a reasonable classification system; by sound actuarial principles when applicable; and by actual and credible loss and expense statistics	
OTHER	MCLA 500.2416 MCLA 500.2418	The Commissioner can issue a disapproval of your filing within 15 or 30 days depending upon whether a review extension has been sent. Also, the Commissioner can issue a withdrawal of approval when he/she subsequently identifies unacceptable rules and/or rates.	